

CENTRAL INTELLIGENCE AGENCY
Approved For Release 2005/06/22 : CIA-RDP79T00937A000500030053-7
OFFICE OF NATIONAL ESTIMATES

30 January 1957

STAFF MEMORANDUM NO. 7-57

SUBJECT: Intelligence Bearing on the Question of US Policy toward
Egypt

1. In the present Middle East Situation, the US is confronted with the question of the extent to which it might be feasible and desirable to cooperate with Nasser, either for the immediate purpose of facilitating UN efforts regarding the Suez and Palestine problems or the longer-range purpose of achieving an accommodation with Egyptian-led Arab nationalism and discouraging its alignment with the Bloc. Present intelligence evidence and conclusions bearing on this question are summarized below.

Stability and Vulnerability of the Nasser Regime

2. The internal position of the Nasser regime has clearly been weakened since the Israeli-British-French military intervention. There appears to be widespread dissatisfaction and resentment within the armed forces over the poor showing of Egypt's troops in the Sinai and Suez fighting and over the regime's failure to send air and other forces into combat; within the last week or two there have been series of arrests of military men suspected of opposing the regime. There are indications of some dissension within the RCC over policy. Economic distress, and such measures as the "Egyptianization decree," have widened the already serious gap between the regime and the business community and are beginning to have an adverse effect on the poorer classes.

3. Thus far, however, a serious threat to the regime does not appear to have materialized. Disaffected elements are disorganized and will probably face additional difficulties as a result of the regime's current efforts to isolate and neutralize potential

DOCUMENT NO. 7
NO CHANGE IN CLASS. 5
X DECLASSIFIED
CLASS. CHANGED TO: TS S C

SECRET

Approved For Release 2005/06/22 : CIA-RDP79T00937A000500030053-7

opposition. From the standpoint of US interests, thus far, present indications are that any successor regime would probably be a heterogeneous mixture of mutually suspicious and competing elements lacking a specific program and offering little promise of providing a stable and responsible government. Although such potential centers of opposition as the Moslem Brotherhood, the Wafd Party and dissatisfied elements in the military probably feel that Nasser has gone too far in his acceptance of Soviet support and his defiance of the West, the former have a long record of opposition to the West and a regime based on such support would probably be considerably more susceptible to mob pressure and extremist prejudice than the present one.

Present Egyptian Policies and Attitudes

4. Egypt has done its best to exploit the situation resulting from UN action against Israel, the UK, and France. Although Nasser finally acquiesced in canal clearance operations by the UN, he has: (a) emphasized that the canal is primarily an Egyptian responsibility; (b) threatened to halt further clearance operations if Israeli troops do not withdraw; (c) encouraged Syrian refusal to reopen the IPC pipeline until similar terms have been met; (d) threatened curbs on British and French shipping; and (e) indicated his unwillingness to grant Israel free passage through the canal and the Gulf of Aqaba. He has meanwhile continued propaganda, political warfare, and sabotage efforts to undermine Western interests and pro-Western elements in other Arab countries.

5. In pursuing these policies, Egypt has continued to lean heavily on the USSR, which is credited by the Egyptians with having forced Anglo-French acceptance of a cease-fire and has since continued to back Egypt. Although there is as yet no confirmation of reports that the USSR has promised Egypt large-scale economic aid and free replacements for military equipment lost in the Suez-Sinai campaign, the USSR has continued to encourage and counsel Egypt on the Suez question, has made emergency shipments of petroleum products, and has given various indications that it intends to continue supporting Egypt economically and diplomatically and to oppose Israel's position in the Middle East.

6. The Cairo regime's attitude toward the US is ambivalent. It almost certainly continues to see advantages in securing countervailing support from the US to avoid complete dependence on the USSR. Soon after the cease-fire, Egyptian leaders made much of the idea that the US should step in and fill the "vacuum" left by departure of the British and French; more recently there have been indications of some hope that the new US Middle East initiative, when it evolves in concrete form, will provide opportunities for Egypt and its friends to obtain US aid without strings. Nevertheless, the checkered

- 2 -

SECRET

Approved For Release 2005/06/22 : CIA-RDP79T00937A000500030053-7

SECRET

Approved For Release 2005/06/22 : CIA-RDP79T00937A000500030053-7

course of US-Egyptian relations over the last two years appears to have left Nasser and his colleagues suspicious and cynical about the US. Despite Egypt's initial applause of US willingness to oppose Israel and its principal allies on the principle of non-aggression, the Egyptians remain unconvinced that the US is willing to reconcile its interests and policies with those of Egypt and at various times have demonstrated deep hatred and contempt for the US. Egypt's present vigorous propaganda campaign against the President's Middle East proposals almost certainly reflects anger at what appears to be an attempt to line up the Arab states under an anti-Communist banner and disappointment over US failure to respond to Egyptian overtures in the period immediately preceeding. However, the Egyptians probably also entertain some hope that such tactics may force the US to come around to a more cooperative position toward them.

US Capabilities for Influencing Egyptian Policy

7. Egypt is probably prepared to reach some sort of a settlement of the Suez and Sinai issues. Despite its efforts to drive the hardest possible bargain, it is under increasing pressure to restore canal revenues and almost certainly recognizes the danger of going so far in its obstructionism as to alienate the Asian and other UN members which backed it on the intervention issue. US willingness to reach an understanding with Egypt, if it included relaxation of financial pressures and support through substantial economic aid, would probably facilitate Egyptian cooperation in negotiations for a Suez settlement under the Six-point UN Security Council Resolution and possibly in achieving some form of arrangement for stabilizing the situation along the Arab-Israeli borders.

8. Nevertheless, Egypt's willingness to compromise on these and other outstanding issues will probably remain limited. Even if substantial US aid were forthcoming, Egypt will probably be reluctant to make binding commitments with respect to international supervision of Suez canal operations, free passage of the canal and the Gulf of Aqaba to Israeli shipping, and restraint of fedeyeen activity. Although it might be willing to curtail its direct attacks on Iraq and the Baghdad Pact in return for a pledge not to bring other members into the Pact, it will almost certainly continue its covert political warfare activities against the British and pro-Western elements in the other Arab states and its efforts to discredit the defense concepts embodied in the Baghdad Pact and in the President's proposals to Congress. Above all, it will almost certainly insist on the right to continue free and unfettered relations with the Sino-Soviet Bloc, both because of the value of the Bloc connection as a means of bringing pressure to bear on Israel and the West and because of the probable belief of the Egyptian leaders that the Bloc provides the only reliable market for Egyptian cotton and the only reliable source of arms for Egypt and its friends.

- 3 -

SECRET

Approved For Release 2005/06/22 : CIA-RDP79T00937A000500030053-7

SECRET

25X1

10. Within the Middle East, there are few governments which support Nasser despite his wide popular appeal. The presently dominant leftist and ultranationalist elements in the Syrian government favor close ties with Nasser and have explored the idea of federation with Egypt. Saudi Arabia and Yemen continue to co-operate with Egypt because of the help it provides in combatting the British and because of their fear of offending Nasser. However, Saudi Arabia is concerned about Egypt's Soviet ties and about the loss of oil revenues brought about by Nasser's precipitate unilateral actions with respect to Suez, and both Saudi Arabia and Yemen are wary because of Egyptian encouragement of subversive activities in their countries.

25X1

12. Egypt's African neighbors are now all ranged in opposition to the Nasser regime. Libya and the Sudan, which have leaned toward

- 4 -

SECRET

Egypt in the past, have been angered by the subversive activities

nationalist leaders of the new states of Tunisia and Morocco have been alienated by Egypt's continuing support of extremist elements. Ethiopia, which fears Moslem domination and like the Sudan has claims with respect to the Nile which conflict with those of Egypt, has long been opposed to Egyptian efforts to establish hegemony in the area.

13. India and other neutralist nations of Asia have supported Egypt on the nationalization and intervention issues, and because of their desire to restore canal operations and liquidate a source of international tension will probably continue to urge the Western powers to meet Nasser's terms for a settlement. In addition, the Indians are more convinced than the nations previously named that the Nasser regime must be accepted as a legitimate expression of Egyptian nationalism. However, relations between India and Egypt are not close, and there are indications that India is concerned about the Nasser regime's irresponsibility and lack of political maturity.

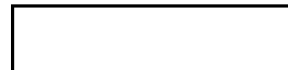
Probable Reactions to US Conciliation of Nasser

14. Minor US tactical concessions to Nasser in an effort to facilitate a Suez settlement would probably not have any serious impact on other countries if undertaken within the context of continued support for pro-Western elements in the Middle East. However, any major US moves toward conciliation and support of the Nasser regime at this time would have a profoundly disturbing effect. Such a move would be welcomed by Syria and probably also by Saudi Arabia, which hopes that its pro-Egyptian and anti-British policies could be continued without prejudice to its US connection, and by India, which would see the US move as a possible start toward US abandonment of its "military bloc" policies. However, such a move would generally be regarded as an act of weakness and appeasement and it would thereby revive present fears and misgivings of the UK, France, and most Middle East governments about US willingness to follow through with a firm Middle East policy. Middle East confidence in the President's proposals to Congress would be greatly weakened and strains between the US and its principal NATO partners would be increased.

~~SECRET~~

15. Within Egypt, the position of the regime would be greatly strengthened, thus lessening the possibility of Nasser being later overthrown. Throughout the Middle East and North Africa the prestige of Nasser and of the extremist elements he is supporting would be strengthened. Jordan would almost certainly become more firmly enmeshed with Egypt, and Libya and the Sudan would probably feel it expedient to swing back toward pro-Egyptian policies. Pressure against the pro-Western leadership in Iraq and Lebanon would increase and in Pakistan and perhaps Iran the government would be open to charges of having made unnecessary commitments in order to obtain US support. The Baghdad Pact would be seriously weakened, and the chance of developing any alternative or supplementary regional defense grouping under the Presidential proposals would be greatly diminished.

25X1A9A



-6-

~~SECRET~~